



# PAYROLL GIVING

ATTRACTING THE NEXT GENERATION OF DONORS

FEBRUARY 2024

100  
YEARS OF CAF



# FOREWORD



**THIS REPORT DIGS INTO THE PUBLIC’S VIEWS OF PAYROLL GIVING AND MAKES RECOMMENDATIONS FOR HOW EMPLOYERS CAN INCREASE UPTAKE OF PAYROLL GIVING**

“Since its launch in 1987, Payroll Giving has raised over £2 billion for charitable organisations across the UK. It provides an incredibly powerful platform for companies to support their employees’ giving. However, the number of donors and employers taking advantage of the scheme has dropped significantly in recent years, resulting in charities missing out on a convenient and regular income.

“Despite its history, our research shows people are generally not aware of Payroll Giving and the different opportunities it provides. That’s why we would like to see a renewed and joined up focus on promoting the scheme from providers, employers and the Government. Let’s talk about Payroll Giving more and the valuable opportunity it provides to connect supporters with good causes.”

**NEIL HESLOP, OBE**  
*Chief Executive*  
*Charities Aid Foundation*

## ABOUT CAF

We help people and businesses support the causes they care about by providing giving infrastructure and expert advice, and for charities, we provide simple and straightforward day-to-day banking and fundraising services, freeing them up to concentrate on the real work of making a difference. We also understand and influence the wider environment for charities and civil society across the UK and beyond via our research, policy and campaigns work. [CAF Give As You Earn](#) is the UK’s biggest Payroll Giving scheme.



# SUMMARY

**£2 BILLION**

Since its launch in 1987 Payroll Giving has raised over £2 billion.

**4,000**

employers offer Payroll Giving.



**36%**

of people have heard of Payroll Giving.

**65%**

of 16-24 year old employees and 66% of 25-34 year old employees would be more likely to donate to charity if their employer matched their donation.

**AVERAGE MONTHLY DONATION  
£24.25**

in 2022.



**YOUNGER PEOPLE**

are less likely to have heard of Payroll Giving, but more likely to want to do it if offered.

**MOST LIKELY TO GIVE**

People are most likely to be encouraged to participate in Payroll Giving if they know:

1. They can easily opt in and out
2. Their employer matches their donation
3. They can easily change their donation amount and chosen charities

# WHAT IS PAYROLL GIVING?

Payroll Giving, also referred to as Give As You Earn, is a simple and tax-efficient method of making regular donations to UK charities straight from employees’ gross pay. There are a number of different Payroll Giving Agencies available, which charge a small admin fee for this service.

Employees can donate to the UK charitable organisation of their choice. Both registered and unregistered charities are eligible for donations. You can give to any organisation recognised by HMRC as charitable, including:

- Churches
- Health authorities
- Hospitals (not private)
- Scout and Girl Guide groups
- Universities and schools
- Parent Teacher Associations
- Community groups

## BENEFITS FOR EMPLOYEES

Payroll Giving offers a fantastic opportunity for employees to support the charities they are passionate about. It is a highly tax efficient way of giving because donations are taken from pay or company/personal pension after your National Insurance contributions are removed, but before Income Tax is calculated and deducted. This means you get tax relief, depending on the rate of tax you pay.

## BENEFITS FOR CHARITIES

This method of giving provides a dependable source of income that enables charities to set effective future plans and concentrate on achieving their charitable goals.

Additionally, it simplifies the administrative burden for charities as they don’t need to claim Gift Aid, allowing them to focus more on supporting good causes.

## BENEFITS FOR EMPLOYERS

Payroll Giving provides an opportunity for companies to demonstrate their commitment to supporting staff, the community and wider stakeholders and can play a key role in responsible business initiatives. It is cost-effective and flexible, with the option of covering the administration fees on behalf of employees.

Plus, any matching payments or costs associated with running the scheme can also be offset against profits, thereby reducing Corporation Tax.

## THE TAX BENEFIT EXPLAINED

An employee’s donation of £20 through this scheme costs a basic-rate taxpayer £16, a higher-rate taxpayer £12 and an additional rate taxpayer £11; less if you are a Scottish taxpayer.



# CHARITY TESTIMONIALS

“Payroll Giving is a great source of income for charities. Regular gifts allow us to plan for the future and this is especially important in long-term research undertaken by Cancer Research UK.

“As donations already include tax, we do not have to claim Gift Aid. Additionally, some employers match donations, enabling charities to do even more with these contributions.”

## **MERVI SLADE**

*Product & Programme Manager  
Payroll Giving  
Cancer Research UK*

“Payroll Giving offers a vital source of income to Barnardo’s. Our services are facing even greater demand against a backdrop of increased child poverty, so the consistent reliable income we get from Payroll Giving enables us to better plan where we need to allocate our resources.

“It’s an easy way for donors and companies to support their nominated charities and causes. Importantly for charities, with the tax relief coming at point of donation, it removes the need to claim Gift Aid at a later date.”

## **TERRY STOKES**

*Head of Payroll Giving  
Barnardo’s*



## EMPLOYEE TESTIMONIAL

“As someone who works in the finance industry, I believe it’s essential to use our resources to make a difference in the world. Businesses generate a significant amount of wealth, and it’s imperative that we allocate it towards promoting social good. One way to achieve this is through Payroll Giving. Payroll Giving offers several benefits, including savings for both the employee and the charity.

“Why not take advantage of this opportunity and give back to those in need? It’s a tax efficient way to give to charity. My employer covers the fees and matches my giving so it’s a great incentive for me to give knowing my organisation is supporting the cause I care about. I give to Lilly May Foundation which is a charity partner of RBC Brewin Dolphin and Birmingham Dogs as I rescued my dog from there and Wythall Animal Sanctuary where I am a charity trustee.”

**WOLFIE PAPIRNIK**  
*RBC Brewin Dolphin*



# THE AVERAGE MONTHLY DONATION THROUGH PAYROLL GIVING IS INCREASING

Payroll Giving mirrors wider giving trends in that, while there are fewer individuals overall making donations through payroll giving, the average monthly amount has increased year on year.

Typically, the first quarter of the year sees the greatest overall donation amounts. This can largely be attributed to trends around festive donating and additional one-off donations made from bonuses. One particular benefit of Payroll Giving schemes is the flexibility they offer; employees can opt to change the amount and frequency of their donation from month to month, as well as which charity they wish to support. Employees also have the flexibility of making a one-off donation through Payroll Giving if they prefer not to commit to a regular monthly donation.

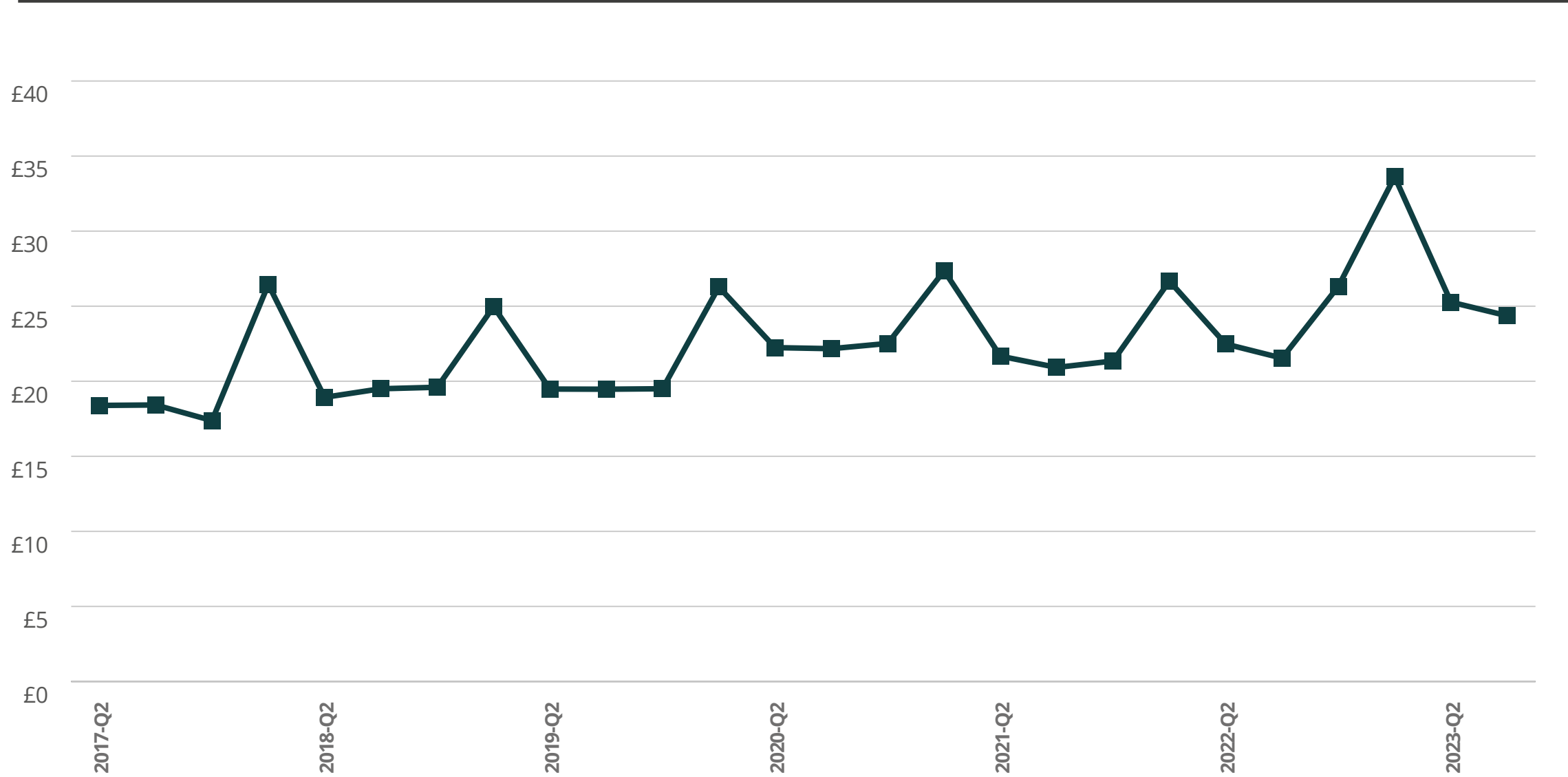
Source: APGO

£33.36



The average monthly donation in Q1 2023 was £33.26, up from an average of £26.67 in Q1 2022.

Average monthly donation per person





# NOT ENOUGH PEOPLE KNOW ABOUT PAYROLL GIVING



CAF's monthly UK Giving survey, run by YouGov, asks people the ways in which they have donated to charity.

Just 2% of donors surveyed since May 2016 had given through Payroll Giving in the last 12 months.\*

In October and November 2023, we asked people what they thought about Payroll Giving.

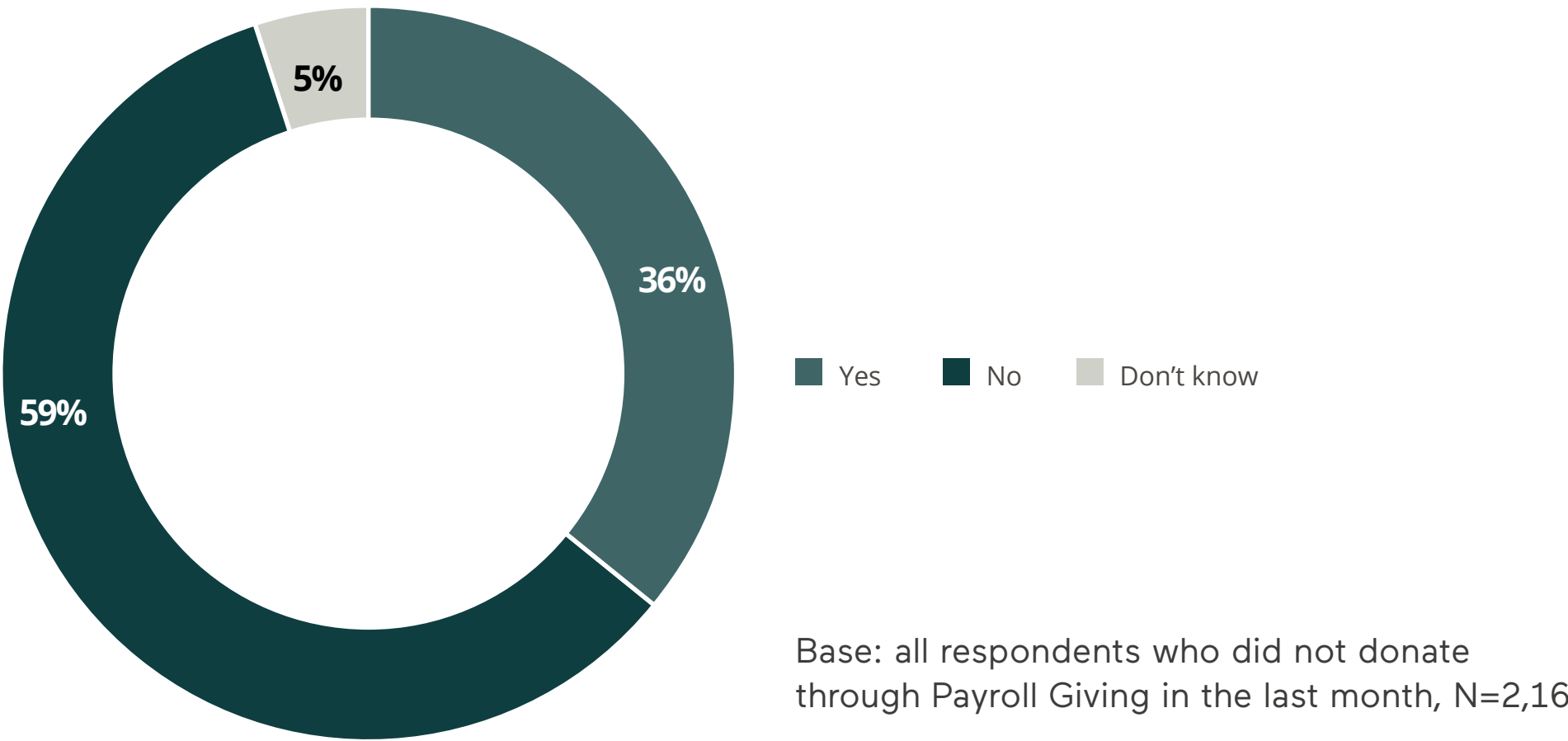
Some 36% of people told us they had heard of Payroll Giving, 59% had not.

There is greatest awareness of Payroll Giving in the Finance, Insurance, Real Estate and Tech sectors, with over 50% of participants from these sectors having heard of Payroll Giving.

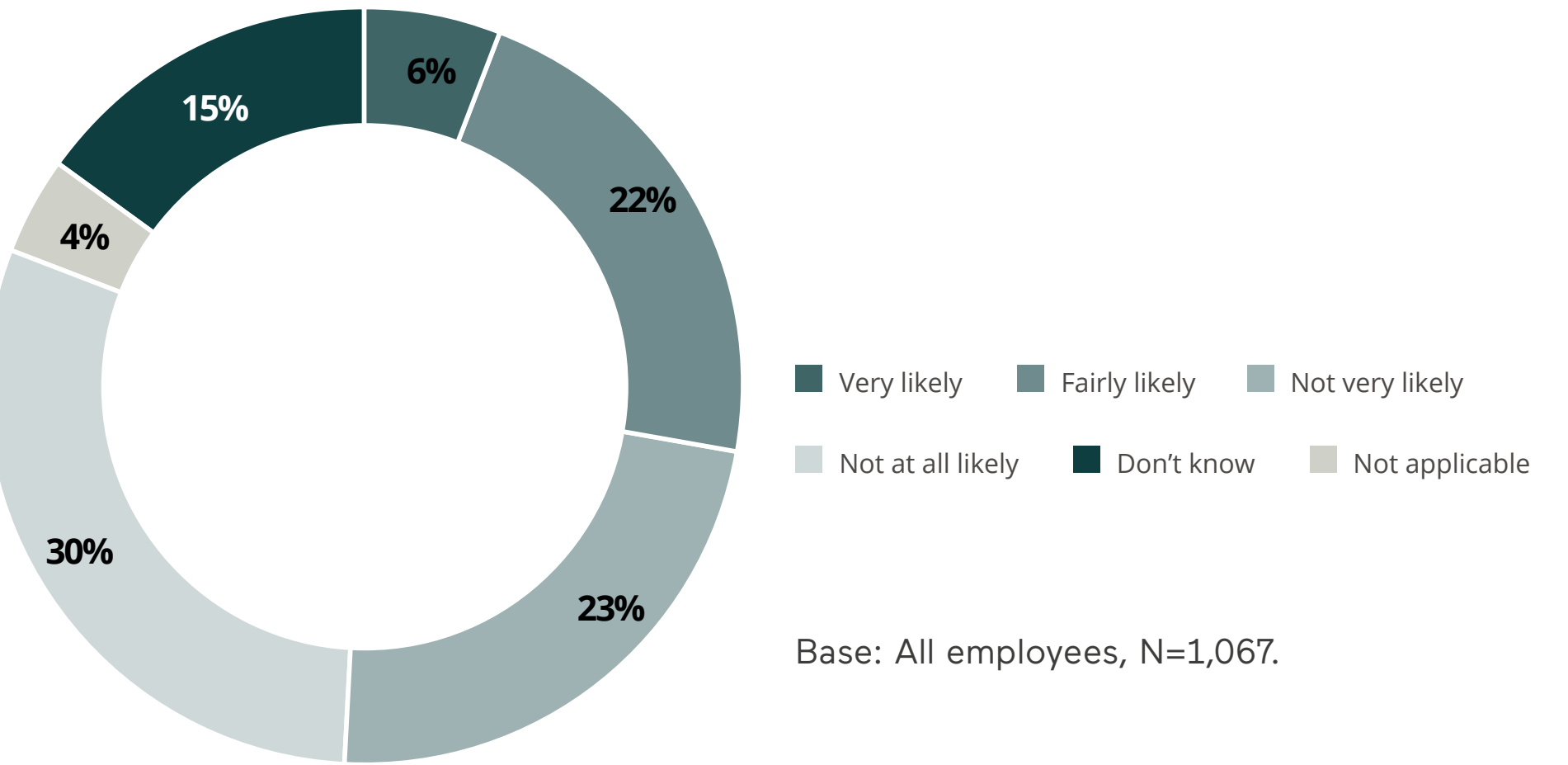
More than one in four employees say that they are likely to donate via Payroll Giving in future.

\*Base 58,203.

## Have you heard of Payroll Giving (also known as 'Workplace Giving' or 'Give As You Earn')?



## How likely would you be to donate via Payroll Giving in the future?

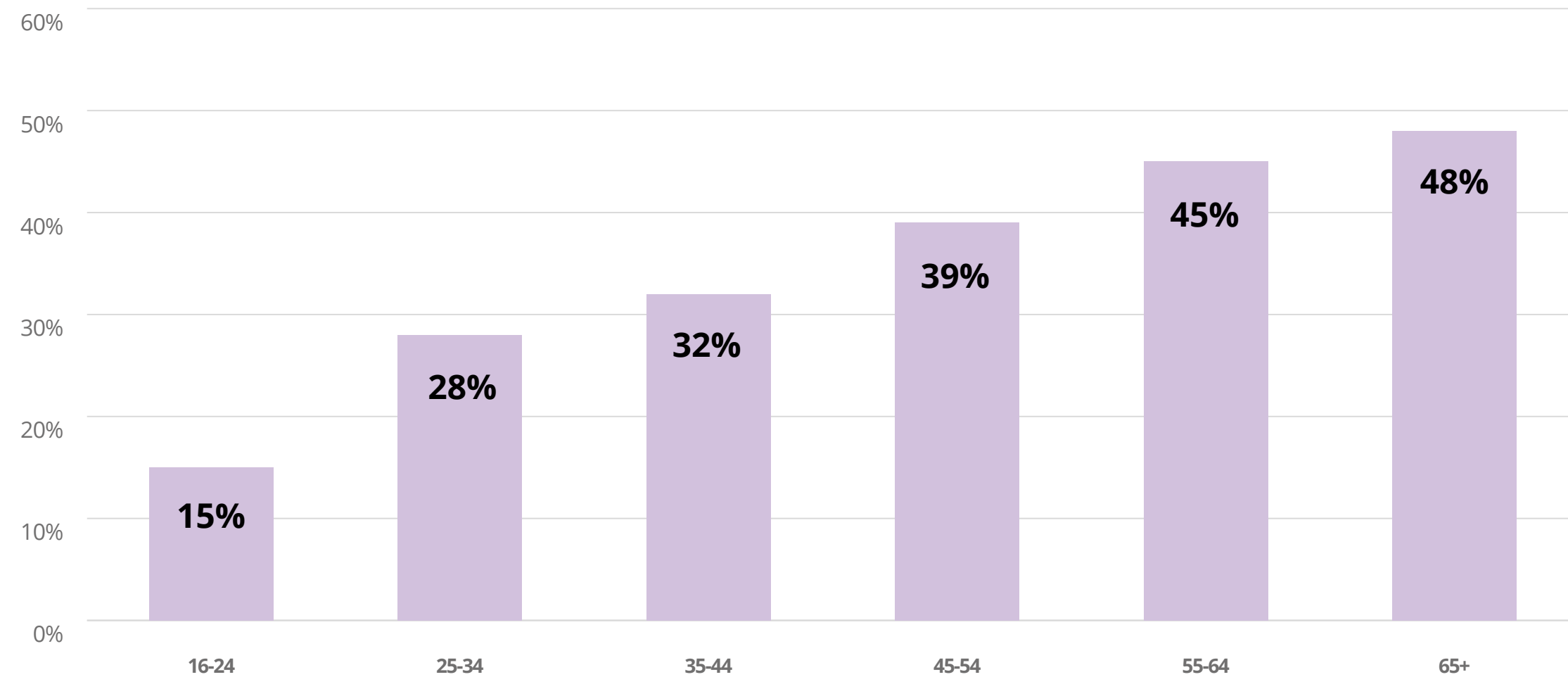




## MILLENNIALS AND GEN Z ARE MOST LIKELY TO CONSIDER USING PAYROLL GIVING

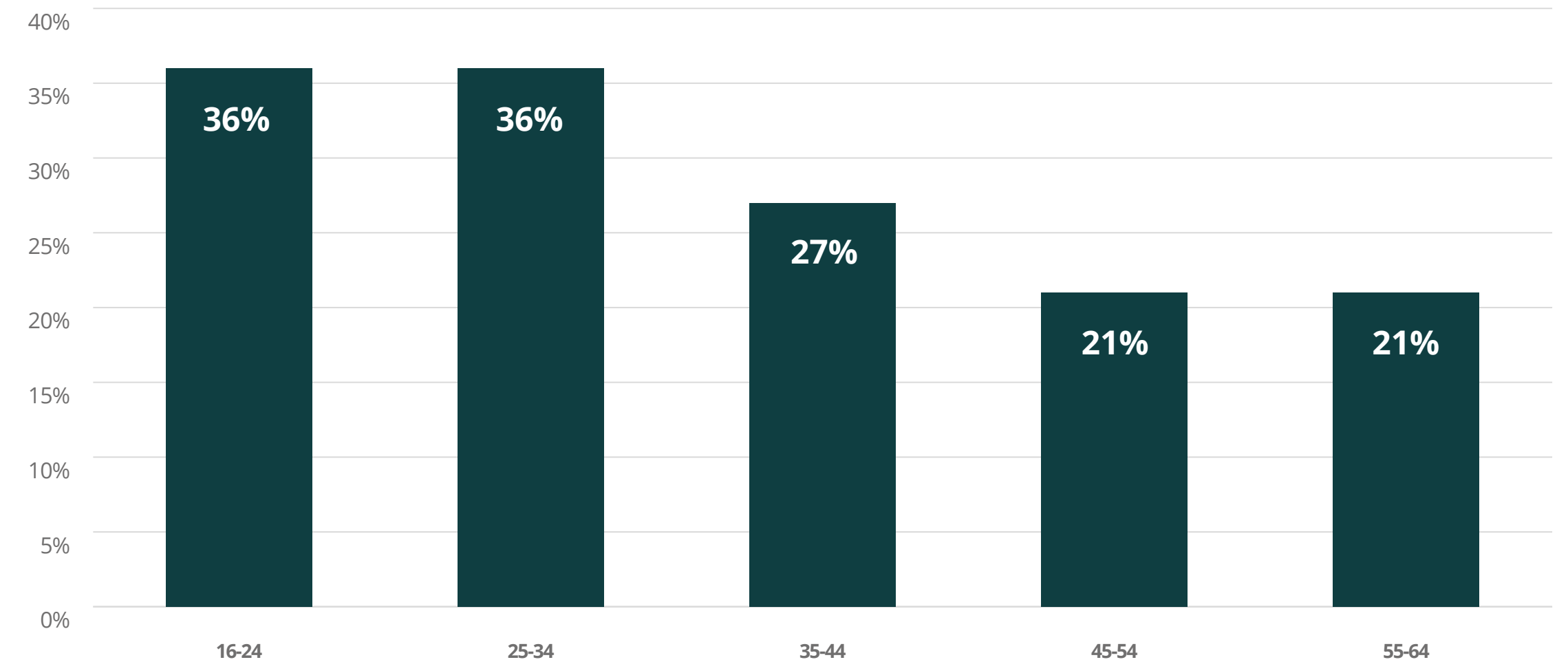
- Awareness of Payroll Giving increases with age.
- However, younger people are more likely to say they would donate in this way if it was offered to them.

Percentage of people who have heard of Payroll Giving, by age



Q. Have you heard of Payroll Giving (also known as 'Workplace Giving' or 'Give As You Earn')? Base: all respondents who did not donate through Payroll Giving in the last month, 16-24(N=242); 25-34(N=360); 35-44(N=349); 45-54(N=248); 55-64(N=340); 65+(N=528).

Percentage of employees likely to donate through Payroll Giving, by age



Q. If this were offered as an option to you, how likely would you be to donate via Payroll Giving in the future? Base: all employees who did not donate through Payroll Giving in the last month, 16-24(N=105); 25-34(N=270); 35-44(N=261); 45-54(N=216); 55-64(N=172). \*Note: base size of 65+ employees too low



## EMPLOYEE TESTIMONIAL

“Payroll Giving was something I learned about during my first week of working at Landsec and I signed up straight away; everyone receives an onboarding pack with a step-by-step guide to take you through it. The process was clear and I recognised it as a very good benefit since I don’t have to actively think about donating every month, it just comes out of my payroll automatically. Because it is tax effective, I can afford to give more to charity, and Landsec also provide an additional top-up equal to 20% of the amount we donate.”

**ZOË PRITCHARD**

*Landsec*





# MISCONCEPTIONS COULD BE HOLDING BACK DONATIONS

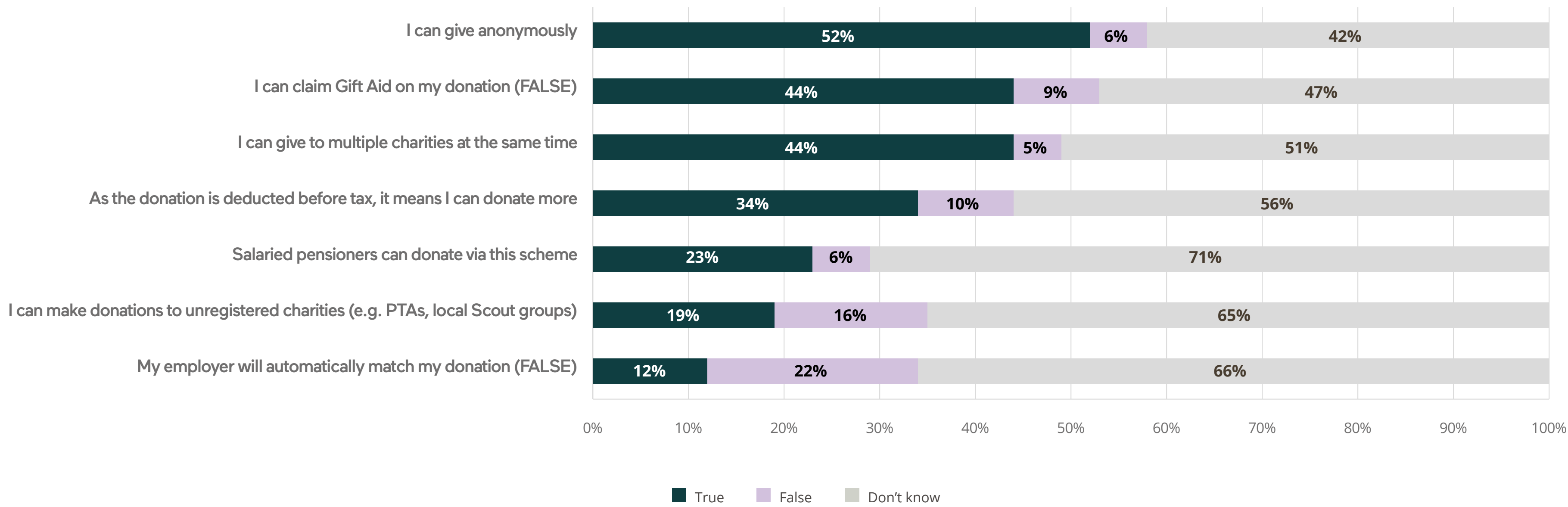
Our research suggests that understanding of the mechanisms and benefits of Payroll Giving is low. For all bar one of the statements we gave the public about payroll giving, the most popular answer was “Don’t know”.

Some 51% of individuals surveyed did not realise that they could support multiple charities each month through payroll giving, while 71% did not know that salaried pensioners could continue to make donations through the scheme. Only 19% of

people were aware that it is possible to make donations to unregistered charities such as community support hubs, Parent Teacher Associations and hospitals.

More must be done by employers, Payroll Giving Agencies and the Government to ensure that employees understand the variety of options available through payroll giving, so that they can make an informed decision on whether they wish to make tax-effective donations through Payroll Giving.

## What do people know about Payroll Giving?



Q. Regarding Payroll Giving, do you think the following statement is true or false? Base: All respondents, N=1,079.





# COMPANIES CAN ENCOURAGE MORE PAYROLL GIVING

BEYOND THE ISSUE OF AFFORDABILITY, PEOPLE CITE TWO CONSISTENT MOTIVATING FACTORS THAT COULD BE USED BY PROACTIVE EMPLOYER SCHEMES:

## 1 FLEXIBILITY

Not wanting to commit to a regular donation is the second most popular answer when employees were asked why they're not likely to use Payroll Giving (38% citing it).

Being able to opt in and out easily was also the second most popular answer in terms of what would encourage employees to participate in Payroll Giving (28% citing it).

Three in ten employees (29%) were put off as they want to donate on a more ad-hoc basis (i.e. not getting 'locked-in'), while 24% said they'd be encouraged if they knew they could easily change their donation amount or the charity they were supporting.

Employers that can underline the flexibility of Payroll Giving for employees - that they can start and stop at any time, or make one-off ad hoc donations - will see far more success with employee sign-ups.

## 2 MATCHING

A key push-factor towards Payroll Giving uptake is if employers were to match employee donations. It was the third most popular answer when asked alongside other aspects that could encourage participation.

When given the direct statement "I would be more likely to donate to charity if my employer encouraged it by matching my donations" more than four in ten employees in every working-age group agreed with this statement.

Young people were especially convinced – 65% of 16-24 year old employees, and 66% of 25-34 year old employees agreed.

Employers that choose to match charitable donations increase employee engagement, engender loyalty and signal a commitment to the wider community.



## EMPLOYEE TESTIMONIAL

“Charitable giving has always been a family affair for us. My husband and I discuss our giving with our children as we want them to be active participants in deciding where our contributions should go through our respective payroll schemes. Together, we chose National Coastwatch Institution’s Stepper Point Lookout Station in Cornwall, which is where we go on holiday every year.

“By giving through payroll, we’re able to maximise our impact as it’s more tax effective than traditional banking methods. My employer, RSA Insurance, also matches up to £10 per month towards my charitable donations. Through Payroll Giving, my employer can support causes that employees are passionate about. Each year, we experience first-hand the difference our donation makes to the community and it’s a great feeling.”

**RUTH POULTEN**

*RSA Insurance*







## SUGGESTIONS FOR BOOSTING PAYROLL GIVING

### WHAT EMPLOYERS CAN DO

- Offer a Payroll giving scheme and support it with employer matching. Employers can choose to match donations in full, in part, or include a monthly matching cap to suit all budgets.
- Bring people together to give. For example, a festive matching campaign is a great way to engage employees and support good causes.
- Drive a positive culture of Payroll Giving from the top down. Talk about Payroll Giving both internally and externally and provide clear and accessible information.
- Employers can also seek support in driving awareness in their schemes by working with a Professional Fundraising Organisation (PFO) who will host bespoke site visits and campaigns to drive engagement.



## ACKNOWLEDGEMENTS

CAF would like to thank the charities, companies and individuals who provided testimonials for this report.

CAF is grateful to Charities Trust and Charitable Giving for their permission to use data for this report and to the Payroll Giving Monitoring Services (PGMS) UK for collating this data, representing members of the Association of Payroll Giving Organisations (APGO).

Polling on attitudes comes from our UK Giving survey, run by YouGov. CAF has run the UK Giving survey in its current form since 2016. The survey is conducted online and collects responses from around a thousand people each month. The sample is constructed in such a way that it is nationally representative of the UK in terms of respondents' sex, age, region/nation and social grade. All figures, unless otherwise stated, are from YouGov Plc. The survey was carried out online and the figures have been weighted and are representative of all UK adults (aged 16+).

Additional data in this report is publicly available data from His Majesty's Revenue and Customs (HMRC) and the Office for National Statistics (ONS).



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